

OFFER FOR IOWANS

IDENTIFYING INFORMATION

Offer Identifier: H_401_11F

Offer Name: SCHIP (State Children's Health Insurance Program) - Healthy and Well Kids In Iowa (*hawk-i*) and Medicaid Expansion

This offer is for a (pick one):

- ☐ new activity
- ☒ improved existing activity (describe the improvements in your narratives below)
- ☐ status quo existing activity

Result(s) Addressed:

Primary Results:

Improve Iowan's Health

- All Iowans Have Access to Quality Care
 - Preventative Care
 - Primary Care
 - Acute/Emergency Care
 - Behavioral / Developmental Care, Including Substance Abuse & Mental Health Treatment
 - Continuity of Care

Improve Student Achievement

- Ready to Learn Students – Health of Learners
 - Access to Health Care
 - Medical and Developmental Supports for Special Needs
 - Social and Emotional Supports

Secondary Results:

Transform Iowa's Economy

- Quality Government Services
 - Health Care
- Affordability
 - Accessible Health Care

Improve Community Safety, particularly for vulnerable Iowans

- Prevention – Youth and Child Development
 - Healthy and Socially Competent
- Managing Crises
 - Detection and Reporting of Crises
 - Preliminary Interventions
- Child Crime and Abuse Victim Assistance
 - Crime and Abuse Medical Assistance

Participants in the Offer: Iowa Department of Human Services, Iowa Department of Public Health, Insurance Division, Iowa Department of Education, University of Iowa, Wellmark, John Deere Health Plan, Iowa Health Solutions, and MAXIMUS

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OFFER DESCRIPTION

Existing Activity

The Department of Human Services (IDHS) proposes to continue to provide services to uninsured children through Iowa's SCHIP program as mandated by Chapter 514I of the Code of Iowa. The SCHIP program includes both a Medicaid expansion and a separate child health insurance program called the Healthy and Well Kids in Iowa (*hawk-i*) Program. This offer includes administrative functions and staff necessary to deliver services effectively and efficiently. Service levels under this offer assume any salary adjustment for IDHS staff is fully funded.

The Medicaid expansion component of the SCHIP program provides Medicaid coverage to children, ages 6 through 18 whose family income is between 100 – 133% of the federal poverty level. Health care services are provided to children in this group through existing Medicaid provider networks.

The *hawk-i* program provides coverage to children who live in families who have too much income to qualify for Medicaid, but do not have health care coverage. Eligible children are under the age of 19, have no health insurance and do not qualify for Medicaid, meet citizenship requirements, and live in families whose income is less than 200% of the federal poverty level. Families with income at or above 150% of the federal poverty level pay a monthly premium of \$10 per child (\$20 family maximum) to participate in the program. Coverage is provided through contracts with commercial health plans (currently Wellmark, John Deere Health Plan and Iowa Health Solutions) in accordance with 514I.6 of the Code of Iowa and the program is administered through a contract with a third party administrator (currently MAXIMUS) in accordance with 514I.7 of the Code of Iowa.

DHS contracts with the Iowa Department of Public Health (IDPH) for outreach services and collaborates with IDPH, the Department of Education, and other public and private entities in efforts to identify and enroll all potentially eligible children. As a result of *hawk-i* outreach efforts, almost 90,000 additional children have attained health care coverage either through *hawk-i* or Medicaid since the program was implemented. These efforts have also contributed to Iowa being recognized as having one of the lowest child uninsured rates in the country. For every one child attaining eligibility through *hawk-i*, three children are identified as Medicaid-eligible. It is projected that the SFY06 year end enrollment in the Medicaid Expansion as of June 30, 2006 will be 12,679 and 21,009 children are projected to be enrolled in the *hawk-i* Program. This compares to projected SFY 2005 year-end enrollments of 11,633 in the Medicaid Expansion program and 19,212 in *hawk-i*.

Improved Activity

The Department proposes to broaden health care benefits to *hawk-i* children with an enhanced benefit package that includes the following:

- Care coordination services added as benefit.
- Case management benefit added for children with special needs.
- Dental benefits increased to \$1,500 maximum annually.
- Mental health and substance abuse services comparable across health plans
- Nutrition services will be added to cover medically necessary nutrition services.

OFFER JUSTIFICATION

Existing Activity

*“I am extremely grateful for the **hawk-i** plan, it has made all the difference in the world. Before this coverage, I would wait to take my daughter to the doctor to make sure I had enough money for prescriptions. My daughter recently had her tonsils out and I didn’t have to stress about anything but her well-being and, trust me, that was enough for me. To whom it may concern, I just want to say THANK YOU!”*

*“**hawk-i** has been a lifesaver since my husband’s layoff. We went without health insurance for the kids for over a year before we got **hawk-i**. It has been a tremendous relief knowing that I don’t have to worry about their coverage anymore. I look forward to my husband graduating from college and obtaining a job so that we may again have our entire family covered by health insurance.....”*

These comments are typical of the hundreds of comments the Department has received from families participating in the **hawk-i** program and represent the dilemma that many families face in trying to provide medical care to their children. As health insurance costs continue to rise, fewer employers are offering health care coverage and more costs are being passed on to employees. This has resulted in more families becoming uninsured. Iowa’s SCHIP program is an important safety-net that helps families protect the well-being of their children.

This program provides health care coverage to low-income children in working families. It contributes to the goal of ensuring that all Iowans have access to quality care by providing eligible children with comprehensive preventative and primary care services in early developmental years. Covered services include medical (inpatient, outpatient, emergency), preventative (immunizations and well child visits), dental, vision, chiropractic services, prescription drugs, mental health and substance abuse treatment and more.

Preventative strategies, clinical guidelines and health education are a required component of each health plan’s contract. From monthly newsletters to provider education, immunization and well child appointment reminders, screening and health education, the program strives to make sure that each child and family receives information necessary to make informed health care-related decisions.

The **hawk-i** program has collected results-based health outcome measurements since the program was implemented. Significant improvements in access to care, health status and the family environment were found as a result of providing health coverage through Iowa’s SCHIP program.

Survey results from the University of Iowa’s Public Policy Center (4th **hawk-i** Impact on Access and Health Status report) present an estimate of the effect that providing **hawk-i** health care coverage had on previously uninsured children. A summary the report is attached to this offer.

Children with health insurance coverage are more likely to have a medical home in which to receive medical care. This contributes to overall continuity of care and care coordination. The positive benefits to children should be kept in mind as buying teams prioritize programs.

This program contributes to the health of learners by providing access to health care. Healthy children are more likely to be ready to learn students. Interaction and guidance received from qualified doctors and medical staff provides children and families with medical, educational and early intervention services that contribute to a child’s good health and optimal school attendance and performance.

This program provides quality government services through the provision of affordable and accessible health care coverage to families with uninsured children. For every one dollar spent on this program, the State of Iowa draws down three dollars in federal funding. By providing a payment source, the amount of uncompensated care provided by hospitals and medical providers is reduced. This impacts the cost that is charged to others in the form of increased cost for care and health insurance premiums. The Impact on Access and Health Status report indicates

that parents are significantly more likely to purchase health insurance coverage for themselves once they know their children have comprehensive health care coverage.

By providing health care coverage to children, this program contributes to the detection and reporting of crises. Medical professionals are required to report abuse and neglect cases to the proper authorities. Health care coverage with a primary care physician provides the opportunity for early detection and intervention. Additionally, since the inception of the functional health assessment survey, the Impact on Access and Health Status report reveals that after being in the *hawk-i* program for one year, 96% of families report that family stress was reduced significantly. This is attributed to parents no longer having to worry about how they will pay for medical bills if their children are sick or injured.

Improved Activity

The enhanced benefit package to broaden health care benefits to *hawk-i* children is a recommendation made by the *hawk-i* Program Clinical Advisory Committee in the third annual report to the Governor. This benefit package will ensure that coverage provided under *hawk-i* addresses the unique health care needs of children. These changes are a fundamental, philosophical change in the way the program's benefit plan has been constructed. When the programs was put together there was a concern that in order to get a plan implemented it would be necessary for insurance companies to pull something off the shelf otherwise it would be too difficult. The committee felt strongly that the Board and Legislature have the opportunity to create a plan that broadens the benefit package that gives *hawk-i* enrolled children a health plan that addresses their needs. The Board unanimously approved the five recommendations.

PERFORMANCE MEASUREMENT AND TARGET

Existing Activity

Measurement	Target
Number of children who are enrolled in <i>hawk-i</i>	21,009
Number of children who are enrolled in Medicaid expansion	12,679
Total SFY 06 year end SCHIP enrollment	33,688

Improved Activity

Measurement	Target
Number of children enrolled in the <i>hawk-i</i> program receiving care coordination services.	increase TBD
Number of children with special needs receiving case management services.	increase TBD

PRICE AND REVENUE SOURCE

Existing Activity

Total Price: \$72,774,042

Expense Description	Amount of Expense	FTEs
Program Costs	\$68,794,794	
Program Administration	\$ 3,378,766	
Service Delivery	\$ 200,485	2
General Administration	\$ 399,997	5
Total	\$72,774,042	7

Revenue Description	Amount
General Fund	\$21,614,425
Federal	\$50,950,360
Other – (Tobacco funds and outstationing revenue)	\$ 209,257
Total	\$72,774,042

Improved Activity**Total Price: \$1,832,976**

Expense Description	Amount of Expense
Benefit Enhancement Package*	\$1,832,976
Total	\$1,832,976

Revenue Description	Amount
General Fund	\$ 475,841
Federal	\$1,357,135
Total	\$1,832,976

***Benefit enhancements include:**

Benefit enhancements include:	state \$	total \$
1. Care Coordination	\$177,634	\$684,255.97
2. Case Management for children with special needs	\$36,603	\$140,997.49
3. Dental benefits to \$1500.00	\$191,628	\$738,166.70
4. Mental Health and Substance abuse benefits (make comparable across health plans)	\$39,833	\$153,439.37
5. Nutrition Services	<u>\$30,144</u>	<u>\$116,116.47</u>
Total (state dollars) Benefit enhancement cost	\$475,842	\$1,832,976.00

Note: At this point in the Congressional appropriation process for Federal Fiscal Year 05, it is unclear if there will be sufficient federal matching enhanced Title XXI funds available in SFY 06 to support the projected enrollment numbers for the Medicaid Expansion and *hawk-i* programs and enhanced benefit package indicated under the OFFER DESCRIPTION. The above Revenue Description is based on the assumption that Title XXI funds available for SFY 06 will be insufficient by approximately \$3,332,205 and that this deficiency will be covered by state general funds. While neither the overall price nor revenue for this offer will change in the event there are sufficient Title XXI funds available in SFY 06, there will be a shift of this amount from general funds to federal funds as the revenue source.

Without either Federal or State replacement funds; **4,094** children (21.42% of total enrollment) will have to be disenrolled from the *hawk-i* program effective July 1, 2005. Enrollment will be capped at **15,020** for all of SFY 06. In addition, **1,895** children that would otherwise be added to the program in SFY 06 will not be able to be enrolled.

Response to Health Buying Team Questions:

Note: Although there has been interest in increasing the income limit to provide coverage for additional children, due to the diminishing availability of federal funding, it is unlikely that there will be sufficient federal funds for an expanded child population. Therefore, the cost of this expansion most likely would have to be supported with 100% state funds.

The U.S. Census estimates there are 15,000 uninsured children in Iowa living in families with income greater than 200% of FPL. DHS does not have data with which to do a more finite breakdown but it is believed the majority of these kids are under 250% of FPL and only a very small percentage are over 300% of FPL. Based on these assumptions, if 100% of the eligible children were covered, DHS estimates the costs of expansion as follows:

200% - 250% FPL – 11,250 children (75%) x \$2,175 = \$24,468,750

250% – 300% FPL - 3,000 children (20%) x \$2,175 = \$ 6,525,000

> 300% - 750 children (5%)

If federal funding were to become available, the state's cost per child would be \$565 instead of \$2,175.

Current offer amount does not include cost associated with increasing eligibility to 300% of FPL.